

President Bakery Public Company Limited
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of President Bakery Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited as at 30 June 2019, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of President Bakery Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 13 August 2019

President Bakery Public Company Limited

Statements of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Financial statements in which		Separate financial statements	
		the equity method is applied			
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		718,626	458,542	718,626	458,542
Short-term investments	2	2,057,314	1,938,793	2,057,314	1,938,793
Trade and other receivables	3, 4	930,662	946,643	930,662	946,643
Inventories		178,894	183,378	178,894	183,378
Other current assets		41,337	34,983	41,337	34,983
Total current assets		3,926,833	3,562,339	3,926,833	3,562,339
Non-current assets					
Restricted bank deposit	16.5	36,348	53,399	36,348	53,399
Investment in joint venture	5	26,422	29,357	5,850	5,850
Long-term investments	6	729,800	645,416	729,800	645,416
Other long-term investments	7	79,500	79,500	79,500	79,500
Property, plant and equipment	8	4,102,437	4,286,933	4,102,437	4,286,933
Advance payments for purchase of assets		6,686	3,352	6,686	3,352
Intangible assets		11,529	11,837	11,529	11,837
Leasehold rights		535	617	535	617
Deferred tax assets		9,569	13,111	9,569	13,111
Other non-current assets		4,173	4,412	4,173	4,412
Total non-current assets		5,006,999	5,127,934	4,986,427	5,104,427
Total assets		8,933,832	8,690,273	8,913,260	8,666,766

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited
Statements of financial position (continued)
As at 30 June 2019

(Unit: Thousand Baht)

	Note	Financial statements in which		Separate financial statements	
		the equity method is applied			
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 9	637,478	693,835	637,478	693,835
Current portion of liabilities under finance lease agreements	4, 10	29,518	41,745	29,518	41,745
Corporate income tax payable		88,028	91,215	88,028	91,215
Accrued expenses		205,161	225,711	205,161	225,711
Other current liabilities		3,691	5,833	3,691	5,833
Total current liabilities		963,876	1,058,339	963,876	1,058,339
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	4, 10	2,890	11,274	2,890	11,274
Long-term loans from directors	4	59,683	71,392	59,683	71,392
Long-term loans from employees		40,416	39,547	40,416	39,547
Provision for long-term employee benefits	11	90,713	85,080	90,713	85,080
Other non-current liabilities		3,659	3,497	3,659	3,497
Total non-current liabilities		197,361	210,790	197,361	210,790
Total liabilities		1,161,237	1,269,129	1,161,237	1,269,129

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited
Statements of financial position (continued)
As at 30 June 2019

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>30 June 2019</u> (Unaudited but reviewed)	<u>31 December 2018</u> (Audited)	<u>30 June 2019</u> (Unaudited but reviewed)	<u>31 December 2018</u> (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
450,000,000 ordinary shares of Baht 1 each	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
Issued and fully paid-up				
450,000,000 ordinary shares of Baht 1 each	450,000	450,000	450,000	450,000
Share premium	674,380	674,380	674,380	674,380
Retained earnings				
Appropriated - statutory reserve	45,000	45,000	45,000	45,000
Unappropriated	6,596,914	6,256,349	6,576,342	6,232,842
Other components of shareholders' equity	<u>6,301</u>	<u>(4,585)</u>	<u>6,301</u>	<u>(4,585)</u>
Total shareholders' equity	<u>7,772,595</u>	<u>7,421,144</u>	<u>7,752,023</u>	<u>7,397,637</u>
Total liabilities and shareholders' equity	<u>8,933,832</u>	<u>8,690,273</u>	<u>8,913,260</u>	<u>8,666,766</u>

The accompanying notes are an integral part of the financial statements.

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Directors
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President Bakery Public Company Limited**Statements of comprehensive income****For the three-month period ended 30 June 2019**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Financial statements in which			
		the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		1,883,080	1,809,266	1,883,080	1,809,266
Other income		32,061	22,383	32,061	22,383
Total revenues		<u>1,915,141</u>	<u>1,831,649</u>	<u>1,915,141</u>	<u>1,831,649</u>
Expenses					
Cost of sales		1,030,712	1,038,151	1,030,712	1,038,151
Selling and distribution expenses		338,908	325,408	338,908	325,408
Administrative expenses		111,295	86,922	111,295	86,922
Total expenses		<u>1,480,915</u>	<u>1,450,481</u>	<u>1,480,915</u>	<u>1,450,481</u>
Profit before share of profit from investment in joint venture, finance cost and income tax expenses		434,226	381,168	434,226	381,168
Share of profit from investment in joint venture		984	785	-	-
Profit before finance cost and income tax expenses		435,210	381,953	434,226	381,168
Finance cost		(1,724)	(1,951)	(1,724)	(1,951)
Profit before income tax expenses		433,486	380,002	432,502	379,217
Income tax expenses	12	(49,233)	(40,821)	(49,233)	(40,821)
Profit for the period		<u>384,253</u>	<u>339,181</u>	<u>383,269</u>	<u>338,396</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax		4,798	(15,801)	4,798	(15,801)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		4,798	(15,801)	4,798	(15,801)
Other comprehensive income for the period		<u>4,798</u>	<u>(15,801)</u>	<u>4,798</u>	<u>(15,801)</u>
Total comprehensive income for the period		<u>389,051</u>	<u>323,380</u>	<u>388,067</u>	<u>322,595</u>
Earnings per share	14				
Basic earnings per share (Baht)		<u>0.85</u>	<u>0.75</u>	<u>0.85</u>	<u>0.75</u>

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited
Statements of comprehensive income
For the six-month period ended 30 June 2019

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Financial statements in which			
		the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		3,685,240	3,581,883	3,685,240	3,581,883
Other income		52,430	44,122	57,636	48,802
Total revenues		3,737,670	3,626,005	3,742,876	3,630,685
Expenses					
Cost of sales		2,035,836	2,068,416	2,035,836	2,068,416
Selling and distribution expenses		665,377	654,123	665,377	654,123
Administrative expenses		223,023	164,758	223,023	164,758
Total expenses		2,924,236	2,887,297	2,924,236	2,887,297
Profit before share of profit from investment in joint venture, finance cost and income tax expenses					
		813,434	738,708	818,640	743,388
Share of profit from investment in joint venture	5.2	2,271	2,008	-	-
Profit before finance cost and income tax expenses					
		815,705	740,716	818,640	743,388
Finance cost		(3,461)	(3,988)	(3,461)	(3,988)
Profit before income tax expenses		812,244	736,728	815,179	739,400
Income tax expenses	12	(89,179)	(78,196)	(89,179)	(78,196)
Profit for the period		723,065	658,532	726,000	661,204
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax		10,886	(20,576)	10,886	(20,576)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		10,886	(20,576)	10,886	(20,576)
Other comprehensive income for the period		10,886	(20,576)	10,886	(20,576)
Total comprehensive income for the period		733,951	637,956	736,886	640,628
Earnings per share					
Basic earnings per share (Baht)	14	1.61	1.46	1.61	1.47

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

President Bakery Public Company Limited
Statements of changes in shareholders' equity
For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

Financial statements in which the equity method is applied								
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total
				Appropriated - statutory reserve	Unappropriated	Changes in value of available-for-sale investments	Total other components of shareholders' equity	
Balance as at 1 January 2018		450,000	674,380	45,000	5,517,995	20,280	20,280	6,707,655
Profit for the period		-	-	-	658,532	-	-	658,532
Other comprehensive income for the period		-	-	-	-	(20,576)	(20,576)	(20,576)
Total comprehensive income for the period		-	-	-	658,532	(20,576)	(20,576)	637,956
Dividend payment	15	-	-	-	(355,500)	-	-	(355,500)
Balance as at 30 June 2018		<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>5,821,027</u>	<u>(296)</u>	<u>(296)</u>	<u>6,990,111</u>
Balance as at 1 January 2019		450,000	674,380	45,000	6,256,349	(4,585)	(4,585)	7,421,144
Profit for the period		-	-	-	723,065	-	-	723,065
Other comprehensive income for the period		-	-	-	-	10,886	10,886	10,886
Total comprehensive income for the period		-	-	-	723,065	10,886	10,886	733,951
Dividend payment	15	-	-	-	(382,500)	-	-	(382,500)
Balance as at 30 June 2019		<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>6,596,914</u>	<u>6,301</u>	<u>6,301</u>	<u>7,772,595</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

President Bakery Public Company Limited

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

Separate financial statements								
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive		
						Changes in value of available-for-sale investments	Total other components of shareholders' equity	
Balance as at 1 January 2018		450,000	674,380	45,000	5,495,013	20,280	20,280	6,684,673
Profit for the period		-	-	-	661,204	-	-	661,204
Other comprehensive income for the period		-	-	-	-	(20,576)	(20,576)	(20,576)
Total comprehensive income for the period		-	-	-	661,204	(20,576)	(20,576)	640,628
Dividend payment	15	-	-	-	(355,500)	-	-	(355,500)
Balance as at 30 June 2018		<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>5,800,717</u>	<u>(296)</u>	<u>(296)</u>	<u>6,969,801</u>
Balance as at 1 January 2019		450,000	674,380	45,000	6,232,842	(4,585)	(4,585)	7,397,637
Profit for the period		-	-	-	726,000	-	-	726,000
Other comprehensive income for the period		-	-	-	-	10,886	10,886	10,886
Total comprehensive income for the period		-	-	-	726,000	10,886	10,886	736,886
Dividend payment	15	-	-	-	(382,500)	-	-	(382,500)
Balance as at 30 June 2019		<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>6,576,342</u>	<u>6,301</u>	<u>6,301</u>	<u>7,752,023</u>

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited**Statements of cash flows****For the six-month period ended 30 June 2019**

(Unit: Thousand Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	812,244	736,728	815,179	739,400
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	273,968	288,989	273,968	288,989
Gain from disposals of property, plant and equipment	(1,453)	(3,348)	(1,453)	(3,348)
Reversal of provision for litigation	(12,587)	-	(12,587)	-
Share of profit from investment in joint venture	(2,271)	(2,008)	-	-
Gain on sales of short-term investments	(60)	(105)	(60)	(105)
Gain on sales of long-term investments	(1,779)	(6,936)	(1,779)	(6,936)
Unrealised gain on exchange	(196)	(1,187)	(196)	(1,187)
Provision for long-term employee benefits	6,296	4,533	6,296	4,533
Interest income	(29,642)	(20,042)	(29,642)	(20,042)
Dividend income from investments	(1,024)	(1,989)	(1,024)	(1,989)
Dividend income from joint venture	-	-	(5,206)	(4,680)
Dividend income from other investment	(6,600)	(4,200)	(6,600)	(4,200)
Interest expenses	2,214	2,933	2,214	2,933
Profit from operating activities before changes in operating assets and liabilities	1,039,110	993,368	1,039,110	993,368
Decrease (increase) in operating assets				
Trade and other receivables	34,552	38,993	34,552	38,993
Inventories	4,484	23,606	4,484	23,606
Other current assets	(3,750)	(6,174)	(3,750)	(6,174)
Other non-current assets	239	271	239	271
Increase (decrease) in operating liabilities				
Trade and other payables	(90,834)	(8,940)	(90,834)	(8,940)
Other current liabilities	(7,018)	(24,194)	(7,018)	(24,194)
Provision for long-term employee benefits	(663)	(114)	(663)	(114)
Other non-current liabilities	162	132	162	132
Cash from operating activities	976,282	1,016,948	976,282	1,016,948
Cash paid for income tax	(91,546)	(80,489)	(91,546)	(80,489)
Net cash from operating activities	884,736	936,459	884,736	936,459

The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited**Statements of cash flows (continued)****For the six-month period ended 30 June 2019**

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Cash paid for short-term investments	(2,192,352)	(1,414,074)	(2,192,352)	(1,414,074)
Cash paid for long-term investments	(727,990)	(553,393)	(727,990)	(553,393)
Cash received from sales of short-term investments	2,227,739	755,929	2,227,739	755,929
Cash received from sales of long-term investments	504,849	609,123	504,849	609,123
Decrease in restricted bank deposit	17,051	-	17,051	-
Acquisitions of property, plant and equipment	(73,188)	(123,569)	(73,188)	(123,569)
Proceeds from disposals of property, plant and equipment	1,733	3,439	1,733	3,439
Decrease (increase) in advance payments for purchase of assets	(3,334)	512	(3,334)	512
Increase in intangible assets	(902)	(514)	(902)	(514)
Interest income	24,966	17,335	24,966	17,335
Dividend income from investments	1,135	2,063	1,135	2,063
Dividend income from joint venture	5,206	4,680	5,206	4,680
Dividend income from other investment	6,600	4,200	6,600	4,200
Net cash used in investing activities	(208,487)	(694,269)	(208,487)	(694,269)
Cash flows from financing activities				
Decrease in liabilities under finance lease agreements	(20,611)	(25,849)	(20,611)	(25,849)
Decrease in long-term loans from directors	(11,709)	(28,075)	(11,709)	(28,075)
Increase (decrease) in long-term loans from employees	869	(194)	869	(194)
Cash paid for interest expenses	(2,214)	(2,933)	(2,214)	(2,933)
Cash paid for interest expenses	(382,500)	(355,500)	(382,500)	(355,500)
Net cash used in financing activities	(416,165)	(412,551)	(416,165)	(412,551)
Net increase (decrease) in cash and cash equivalents	260,084	(170,361)	260,084	(170,361)
Cash and cash equivalents at beginning of period	458,542	685,080	458,542	685,080
Cash and cash equivalents at end of period	718,626	514,719	718,626	514,719

Supplementary disclosures of cash flows information

Non-cash related transactions

Other payables for purchases of machinery and equipment,
construction and retention

34,287	19,200	34,287	19,200
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The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2019

1. General information

1.1 Corporate information

President Bakery Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Thai President Foods Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at No. 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, Bangkok.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting Standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, *Revenue from Contracts with Customers*, as follows:

Revenue recognition

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Company recognises the amount ultimately expected they will have to return to customers as a refund liability and recognises the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

(Unaudited but reviewed)

2. Short-term investments

As at 30 June 2019 and 31 December 2018, short-term investments consisted of the following:

	(Unit: Thousand Baht)	
	30 June 2019	31 December 2018
Special savings account 6 months	157,051	155,000
Fixed deposits	351,853	351,853
Deposit receipt and government bond	1,210,000	1,170,000
Short-term investments in private fund (Note 6)	338,410	261,940
Total	<u>2,057,314</u>	<u>1,938,793</u>

As at 30 June 2019, savings deposits, fixed deposits, deposit receipt, government bond and corporate bond carried interests between 0.55 and 4.28 percent per annum (31 December 2018: 0.55 and 4.28 percent per annum).

3. Trade and other receivables

	(Unit: Thousand Baht)	
	30 June 2019	31 December 2018
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	293	341
Total trade receivables - related party	<u>293</u>	<u>341</u>
<u>Trade receivables - unrelated parties</u>		
Not yet due	526,930	546,666
Past due		
Up to 3 months	384,165	383,526
3 - 6 months	20	6
6 - 12 months	3	-
Total trade receivables - unrelated parties	<u>911,118</u>	<u>930,198</u>
Total trade receivables	<u>911,411</u>	<u>930,539</u>
<u>Other receivables</u>		
Other receivables - related party	159	49
Other receivables - unrelated parties	19,092	16,055
Total other receivables	<u>19,251</u>	<u>16,104</u>
Total trade and other receivables	<u>930,662</u>	<u>946,643</u>

(Unaudited but reviewed)

4. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended		For the six-month periods ended		Pricing and lending policy
	30 June		30 June		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
Transactions with related companies					
Purchase of goods	113.7	131.9	225.0	251.7	Agreed price which approximates the market price by reference to purchase volume
Interest expenses under finance lease agreements	0.1	0.3	0.3	0.7	At the agreed rate in the agreement which approximates the market rate
Dividend payment	287.9	254.8	287.9	254.8	At the declared rate
Transactions with joint venture					
Sales of goods	0.8	0.7	1.6	1.3	Agreed price which approximates the market price
Service income	0.7	0.7	1.4	1.4	Agreed rate which approximates the market rate
Rental income	0.1	-	0.1	-	Agreed rate which approximates the market rate
Dividend income	-	-	5.2	4.7	At the declared rate
Transactions with related persons					
Interest expenses	0.4	0.4	0.9	0.8	Interest at the rate of 2.75% per annum (2018: 2.75% per annum)

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2019 and 31 December 2018 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	30 June 2019	31 December 2018
Trade and other receivables - related party (Note 3)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	452	390
Total trade and other receivables - related party	<u>452</u>	<u>390</u>
Trade and other payables - related parties (Note 9)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	117,213	142,940
Connected companies (related by connected directors)	1,245	1,323
Total trade and other payables - related parties	<u>118,458</u>	<u>144,263</u>
Liabilities under finance lease agreements - related party (Note 10)		
Related company (related by having holding interest in the Company and by common shareholders and common directors)		
Liabilities under finance lease agreements	10,587	20,450
Less: Deferred interest expenses	(76)	(324)
Net	10,511	20,126
Less: Portion due within one year	(10,511)	(20,126)
Liabilities under finance lease agreements - related party - net	<u>-</u>	<u>-</u>
Long-term loans from directors	<u>59,683</u>	<u>71,392</u>

During the six-month period ended 30 June 2019, movements of long-term loans from directors (including interest payable) were as follows:

	(Unit: Thousand Baht)			
	Balance as at 31 December 2018	During the period		Balance as at 30 June 2019
		Increase	Decrease	
Long-term loans from directors	<u>71,392</u>	<u>5,469</u>	<u>(17,178)</u>	<u>59,683</u>

(Unaudited but reviewed)

Directors' and management's remuneration

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	13.3	12.9	26.7	25.9
Post-employment benefits and other long-term benefits	0.5	0.3	0.9	0.6
Total	<u>13.8</u>	<u>13.2</u>	<u>27.6</u>	<u>26.5</u>

5. Investment in joint venture

5.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of this investment are as follows:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			30 June	31 December	30 June	31 December	30 June	31 December
		Million Baht	2019	2018	2019	2018	2019	2018
			Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	26,422	29,357	5,850	5,850
Total investment in joint venture					<u>26,422</u>	<u>29,357</u>	<u>5,850</u>	<u>5,850</u>

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

(Unaudited but reviewed)

5.2 Share of comprehensive income and dividend received

During the periods, the Company recognised its share of comprehensive income from investment in the joint venture in the financial statements in which the equity method is applied and recognised dividend income in the separate financial statements in which the cost method is applied as follows:

(Unit: Thousand Baht)

Joint venture	Financial statements in which the equity method is applied		Separate financial statements	
	Share of profit from investment in the joint venture during the six-month periods ended 30 June	Share of profit from investment in the joint venture during the six-month periods ended 30 June	Dividend received during the six-month periods ended 30 June	Dividend received during the six-month periods ended 30 June
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
President Green House Foods Company Limited	2,271	2,008	5,206	4,680
Total	<u>2,271</u>	<u>2,008</u>	<u>5,206</u>	<u>4,680</u>

6. Investments in private funds

Movements in the short-term and long-term investments during the six-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

	Short-term investments	Long-term investments	Total
Balance as at 31 December 2018	261,940	645,416	907,356
Purchase during the period - at cost			
Cash paid for investments	1,068,239	727,990	1,796,229
Payable for investments	5,053	13,174	18,227
Total	1,073,292	741,164	1,814,456
Sales during the period - at cost			
Proceeds from sales	(1,145,677)	(504,849)	(1,650,526)
Receivable from sales	(2,997)	(15,574)	(18,571)
Gain on sales	60	1,779	1,839
Total	(1,148,614)	(518,644)	(1,667,258)
Transfer in (out)	151,006	(151,006)	-
Discount (surplus) on securities	902	(854)	48
Gain (loss) on change in value of investments	(116)	13,724	13,608
Balance as at 30 June 2019	<u>338,410</u>	<u>729,800</u>	<u>1,068,210</u>

(Unaudited but reviewed)

The Company had set up private funds for investments which are managed by four asset management companies. The investments include fixed deposits at financial institution, common stocks of companies listed on the Stock Exchange of Thailand, Bank of Thailand bonds and corporate bonds. Investments in debt and equity instruments are classified as available-for-sale investments.

As at 30 June 2019, the Company had assessed the fair value of such investments by referring to the value quoted by those four asset management companies in which the fair value had increased by Baht 13.6 million (31 December 2018: decreased by Baht 6.0 million). The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

7. Other long-term investments

Company's name	Nature of business	Paid up capital		Shareholding percentage		Investment value (cost)	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
		Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht
President Flour Mills Co., Ltd.	Production and distribution of flour	600	600	10.0	10.0	60,000	60,000
American Food Co., Ltd.	Production and distribution of ice-cream	140	140	9.0	9.0	12,600	12,600
Sahachol Foods Supplies Co., Ltd.	Foods exporter and manufacturer	325	325	2.2	2.2	6,900	6,900
Treasure Hill Co., Ltd.	Golf course service	200	200	1.0	1.0	2,000	2,000
Total						81,500	81,500
Less: Allowance for impairment of investments						(2,000)	(2,000)
Other long-term investments - net						79,500	79,500

During the three-month and six-month periods ended 30 June 2019, the Company received dividend income from President Flour Mills Company Limited of Baht 6.6 million (2018: Baht 4.2 million).

(Unaudited but reviewed)

8. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2018	4,286,933
Acquisitions during the period - at cost	88,460
Disposals during the period - net book value at disposal date	(280)
Depreciation for the period	(272,676)
Net book value as at 30 June 2019	<u>4,102,437</u>

9. Trade and other payables

	(Unit: Thousand Baht)	
	30 June 2019	31 December 2018
Trade payables - related parties	118,235	144,233
Trade payables - unrelated parties	355,565	411,941
Other payables - related party	223	30
Other payables - unrelated parties	130,692	121,315
Other payables for purchases of machinery and equipment	32,763	16,316
Total trade and other payables	<u>637,478</u>	<u>693,835</u>

10. Liabilities under finance lease agreements

	(Unit: Thousand Baht)		
	30 June 2019		
	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	10,587	22,269	32,856
Less: Deferred interest expenses	(76)	(372)	(448)
Net	10,511	21,897	32,408
Less: Portion due within one year	(10,511)	(19,007)	(29,518)
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>2,890</u>	<u>2,890</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2018

	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	20,450	33,739	54,189
Less: Deferred interest expenses	(324)	(846)	(1,170)
Net	20,126	32,893	53,019
Less: Portion due within one year	(20,126)	(21,619)	(41,745)
Liabilities under finance lease agreements - net of current portion	-	11,274	11,274

11. Provision for long-term employee benefits

Movements in provision for long-term employee benefits during the six-month period ended 30 June 2019 are shown as follows:

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 31 December 2018	78,746	6,334	85,080
Current service cost	2,613	488	3,101
Interest cost	1,195	58	1,253
Past service cost	1,942	-	1,942
Benefits paid during the period	(663)	-	(663)
Provision for long-term employee benefits as at 30 June 2019	83,833	6,880	90,713

Long-term employee benefit expenses included in the profit or loss for the three-month and six-month periods ended 30 June 2019 amounted to Baht 4.1 million and Baht 6.3 million, respectively (2018: Baht 2.2 million and Baht 4.5 million, respectively).

(Unaudited but reviewed)

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company had additional long-term employee benefit liabilities of Baht 1.9 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in the profit or loss of the period in which the law was effective, which was the second quarter of 2019.

12. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and
separate financial statements

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	49,617	41,083	88,359	78,709
Deferred tax:				
Relating to origination and reversal of temporary differences	(384)	(262)	820	(513)
Income tax expenses reported in profit or loss	<u>49,233</u>	<u>40,821</u>	<u>89,179</u>	<u>78,196</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to change in value of available-for-sale investments	<u>1,200</u>	<u>(3,950)</u>	<u>2,722</u>	<u>(5,144)</u>

13. Operating segment information

The one main reportable operating segment of the Company is manufacture and sales of bakery products in which revenue is recognised at a point in time and the single geographical area of its operations is Thailand. The distribution channels are through wholesale, retail and export. The wholesales for the three-month and six-month periods ended 30 June 2019 amounted to approximately Baht 1,719.8 million and Baht 3,354.6 million or 89.8% and 89.8% of total revenues, respectively (2018: Baht 1,648.1 million and Baht 3,255.9 million or 90.0% and 89.8% of total revenues, respectively), which were from a main customer, representing about 49.7% and 49.0% of total revenues, respectively (2018: 47.6% and 46.5% of total revenues, respectively). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

(Unaudited but reviewed)

14. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	For the three-month periods ended 30 June			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	384,253	339,181	383,269	338,396
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	0.85	0.75	0.85	0.75

	For the six-month periods ended 30 June			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	723,065	658,532	726,000	661,204
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	1.61	1.46	1.61	1.47

15. Dividend payments

During the six-month periods ended 30 June 2019 and 2018, the Company had dividend payments as follows:

	<u>Approved by</u>	<u>Total dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>	<u>Paid on</u>
For the year 2019				
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	382,500	0.85	24 May 2019
Total dividend payments for 2019		<u>382,500</u>	<u>0.85</u>	
For the year 2018				
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	355,500	0.79	25 May 2018
Total dividend payments for 2018		<u>355,500</u>	<u>0.79</u>	

(Unaudited but reviewed)

16. Commitments and contingent liabilities

16.1 Capital commitments

As at 30 June 2019, the Company had capital commitments in respect of procurement agreements for production equipment of approximately Baht 9.9 million EURO 0.1 million and AUD 0.1 million, totaling approximately Baht 16.1 million.

16.2 Operating lease commitments

The Company and the joint venture have entered into several lease agreements in respect of the lease of land, office building space and related services. The terms of the agreements are generally between 1 and 5 years.

As at 30 June 2019, future minimum lease and related service payments under these non-cancellable operating lease contracts were as follows:

	(Unit: Million Baht)	
	<u>The Company</u>	<u>Joint venture</u>
<u>Payable within:</u>		
Less than 1 year	14.8	14.5
1 to 5 years	8.8	11.0

16.3 Long-term service commitments

The joint venture entered into license and technical assistance agreements with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the license agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the three-month and six-month periods ended 30 June 2019 amounted to approximately Baht 0.6 million and Baht 1.2 million, respectively (2018: Baht 0.5 million and Baht 1.1 million, respectively).

16.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for periods of 3 - 7 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period	Expired date	Average minimum quantity purchase
	(Years)		(Million BTU)
1	3	30 November 2020	72,007 per annum
2	5	31 December 2023	301 per day
3	7	30 November 2020	23,385 per annum

16.5 Guarantees

As at 30 June 2019, there were outstanding bank guarantees of approximately Baht 28.6 million issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 25.6 million to guarantee electricity use, and Baht 3.0 million to guarantee contractual performance under the natural gas purchase agreement.

Moreover, the Company had pledged its fixed deposit of Baht 36.3 million with the Revenue Department as a guarantee for a retroactive tax assessment against the Company. During the current period, the Court of Appeal for Specialized Cases affirmed the judgment of the Court of First Instance. The case is in the process of filing a petition with the Supreme Court.

During the period, the Company has already withdrawn the fixed deposit of Baht 17.1 million that had been pledged as a guarantee during the consideration of a lawsuit brought against the Company by the Department of Empowerment of Persons with Disabilities, seeking to have the Company pay contributions to the Fund for Empowerment of Persons with Disabilities.

16.6 Litigation

- a) In 2011, the Company was sued for compensation totaling approximately Baht 30 million in connection with traffic accidents.

Currently, settlement negotiations for some of the cases have been successful, whereby the Company and the insurance company agreed to pay the compensation. For the other cases, the Supreme Court rendered its judgment that the Company and the other three defendants are to compensate for the damage in the amount of Baht 3.3 million, including an interest of 7.5 percent per annum. Currently, the proportion of the said compensation is being assigned to each defendant.

The Company's management has performed an assessment and believes that it will not suffer any material losses from the legal case; therefore, no provision for contingent liabilities is set aside.

- b) In 2016, the Company was sued by the Department of Empowerment of Persons with Disabilities seeking to have the Company pay to the fund for Empowerment of Persons with Disabilities. On 20 March 2019, the Company paid the debt according to the lawsuit, including interest in total amount of Baht 25.3 million.

(Unaudited but reviewed)

17. Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from material and machinery purchasing transactions that are denominated in foreign currencies.

The balances of financial liabilities denominated in foreign currencies as at 30 June 2019 are summarised below.

Foreign currency	Amount	Exchange rates as at 30 June 2019
	(Million)	(Baht per foreign currency unit)
Japanese Yen	21.1	0.2892
US dollar	0.9	30.9152

Forward exchange contracts outstanding as at 30 June 2019 are summarised below.

Foreign currency	Bought amount	Contract exchange rate	Maturity date
	(Million)	(Baht per foreign currency unit)	
US dollar	0.6	31.07 - 31.74	1 July - 19 August 2019

18. Fair value of financial instruments

As at 30 June 2019, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

Financial statements in which the equity method is applied and separate financial statements

	Level 1	Level 2	Total
Financial assets measured at fair value			
Available-for-sale investments			
Equity instruments	51,720	-	51,720
Debt instruments	-	1,090,742	1,090,742

Valuation techniques and inputs to Level 2 valuation

The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.

During the current period, there were no transfers within the fair value hierarchy.

(Unaudited but reviewed)

19. Reclassification

The Company reclassified the following amounts in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 to conform with the current period's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied and separate financial statements			
	For the three-month period ended 30 June 2018		For the six-month period ended 30 June 2018	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Selling and distribution expenses	325,408	248,178	654,123	499,350
Administrative expenses	86,922	164,152	164,758	319,531

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors 13 August 2019.